



## OPERATIONAL MEMO

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<b>TITLE:</b>	<b>IMPROVEMENT ACTION PLANS AND CORRECTIVE ACTION PLANS</b>
<b>SUPERSEDES NUMBER:</b>	N/A
<b>EFFECTIVE DATE:</b>	<b>DECEMBER 1, 2020</b>
<b>DIVISION AND OFFICE:</b>	<b>COMMUNICATIONS AND GOVERNMENT RELATIONS, POLICY, COMMUNICATIONS AND ADMINISTRATION OFFICE</b>
<b>PROGRAM AREA:</b>	<b>COUNTY RELATIONS AND ADMINISTRATION</b>
<b>KEY WORDS:</b>	<b>IMPROVEMENT ACTION PLAN, IAP, CORRECTIVE ACTION PLAN, CAP, SANCTIONS</b>
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<b>APPROVED BY: TOM MASSEY</b>	

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### **Purpose and Audience:**

The Department of Health Care Policy and Financing, referenced herein as “the Department” or “HCPF”, has the statutory responsibility for oversight of the Colorado Medical Assistance Program (Medicaid) as defined by Colorado Revised Statutes [Section 25.5-1-114(3)]. Medicaid is known as Health First Colorado. Medical Assistance also includes the Children’s Basic Health Plan known as Child Health Plan *Plus* (CHP+). The purpose of this Operational Memo is to document the processes used to monitor the county department of human/social services, referenced herein as “the county” or “counties” and subsequent improvement actions or corrective actions required to correct any determined deficiencies.

The process as documented in this Operational Memo shall be used by the Department until further notice.

**Information:**Monitoring

The Department utilizes a variety of methods for oversight of the administration of the Medicaid program. These include, but are not limited to: site visits, quality assurance reviews, administrative desk reviews, financial reviews and third-party audits.

Non-Compliance Findings

When conducting audits and reviews the Department shall issue or sustain findings of non-compliance through a Management Decision Letter. Findings of non-compliance will be grouped into three different categories:

- Administrative: Non-compliance with administrative requirements, including missing or incomplete policies, procedures or processes, legal non-compliance or other types of non-compliance not defined below.
- Quality: Non-compliance with quality assurance, audit or review requirements as promulgated through Department rule or guidance or non-compliance with measures to be enacted that attempt to mitigate or decrease the likelihood of audit or quality assurance findings.
- Performance: Non-compliance with performance measures, benchmarks and targets as determined by the Department.

Notification of Findings to County Director

The Department will send the Management Decision Letter to the County Director of human/social services. The letter will provide details regarding findings of non-compliance that result in the need for either a Tier 1 Improvement Action Plan or a Tier 2 Corrective Action Plan.

Types of Plans to Address Non-Compliance

The Department shall require the county to submit a plan to address the identified non-compliance. The Department shall specify to the county the type of plan that is required to be implemented.

1. Tier 1 Improvement Action Plan: an informal plan implemented with technical assistance to address non-compliance and/or performance that may lead to non-compliance. This type of plan is not subject to fiscal sanctions as defined in 10 CCR 2505-3 1.020.2. The Department may convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan for any Tier 1 plans that have failed to be adequately or timely implemented.
2. Tier 2 Corrective Action Plan: a formal plan implemented with technical assistance to address non-compliance and/or performance. This type of plan is

subject to fiscal sanctions as defined in 10 CCR 2505-3 1.020.2. The Department may communicate with the County Board of Social/Human Services regarding any Type 2 Corrective Action Plans.

Completion of Tier 1 and Tier 2 Plans:

Upon request of the Department, the county shall complete a Tier 1 Improvement Action Plan or Tier 2 Corrective Action Plan. The requested Plan shall address:

- Previously noted non-compliance
  - Address how both the individual and systemic root cause of each non-compliance has been previously corrected. The plan must contain the following information for each previously noted non-compliance:
    - The date the correction was implemented;
    - The staff involved in the correction;
    - The documentation supporting the correction has been implemented.
- Newly identified non-compliance
  - Address how each root cause, both individual and systemic, of the non-compliance will be addressed. The plan must contain the following information for each non-compliance:
    - Identification of the non-compliance,
    - The specific action(s) to be taken to correct the non-compliance,
    - The specific time frames for completion of each specific action not to exceed six months without the expressed written consent of the Department, and
    - The name of the contact person responsible for corrective action.

The documentation to support that the actions taken to address non-compliance will be or have been completed. Any Plans submitted shall utilize the Department-provided template. Submissions that do not utilize the template, are incomplete, or

missing information shall be rejected. The county shall address the reasons the Department rejected the Plan prior to re-submitting any rejected Plan.

### Technical Assistance

The county may request technical assistance from the Department in developing either a Tier 1 or Tier 2 Plan. This request must occur within the 15 calendar days of notification to the county director of the requirement to complete a Tier 1 or Tier 2 Plan. The Department may also require completion of a technical assistance meeting in completing Tier 1 or Tier 2 Plan.

### Timeframe to Develop and Submit a Plan and Extension of Time

#### Timeframe to Develop and Submit a Plan

- If notified of the requirement to complete a Tier 1 or Tier 2 Plan, the county shall develop and submit a plan within 30 calendar days of receiving notification from the Department.

#### Extension of Time

- If the county needs additional time to develop a either a Tier 1 or Tier 2 Plan,, the county director must submit a request electronically, using the Department's online form and within five (5) calendar days from receiving notification of the requirement to complete a Plan, specifying the new timeframe requested and providing an explanation for the extension request.
  - Review of Extension Request
    - The Department will review the request for time extension within five working days of receipt and respond to the county director.

### Acceptance or Rejection of a Tier 1 or Tier 2 Plan

Within 30 business days of receipt of the proposed Tier 1 or Tier 2 Plan from the county department of social/human services, the Department will review and either accept or reject the proposed Tier 1 or Tier 2 Plan.

- Accepted Tier 1 or Tier 2 Plan
  - If the county is not notified within ten calendar days of rejection of any Tier 1 or Tier 2 Plan submitted, then the plan is accepted. The Department will send an electronic communication indicating the submitted Plan is approved.
- Rejected Tier 1 or Tier 2 Plan
  - If the submitted Tier 1 or Tier 2 plan is rejected by the Department, the county will be notified electronically of the decision and will be required to

resubmit. The County will be required to participate in Department provided technical assistance to address the individual and systemic root cause of non-compliance.

- The county is required to successfully complete an initial technical assistance meeting within 15 calendar days of receipt of the Tier 1 or Tier 2 Plan rejection.
  - If the county cannot complete the initial technical assistance meeting within 15 calendar days, the director will electronically submit a request for an extension to the Department
    - If the county cannot complete the initial technical assistance meeting within 15 calendar days, the Department will review the request for time extension. The Department will respond to the County Director within five working days of receipt.

#### Ongoing Monitoring of any Tier 1 or Tier 2 Accepted New Plan

Upon acceptance of the Tier 1 or Tier 2 Plan, the Department will follow procedures outlined in this Operational Memo.

- Follow-Up
  - The Department will verify that the county has complied with the approved Tier 1 or Tier 2 Plan. The county will submit any documentation needed to verify compliance upon completion of the Tier 1 or Tier 2 Plan to the Department.

#### Non-Compliance with Accepted Plan

If the Department has verified that the county has not complied with the accepted Tier 1 or Tier 2 Plan, then:

- the Department shall convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan
- The Department shall implement fiscal sanctions for non-compliance on a Tier 2 Corrective Action Plan as defined in 10 CCR 2505-3 1.020.2.

The first notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the county director 60 calendar days prior to the implementation of fiscal sanctions. The county shall have 30 calendar days after

notification of fiscal sanctions to correct the non-compliance with the Tier 2 Plan to avoid implementation of fiscal sanctions.

The second notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the county director 30 calendar days prior to the implementation of fiscal sanctions. The second notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per 10 CCR 2505-3 1.020.2 and the date the sanction will be implemented. The county shall have 15 calendar days to correct the non-compliance with the Tier 2 Plan to avoid fiscal sanctions.

The third notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the county director five (5) calendar days prior to the implementation of fiscal sanctions. The third notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per 10 CCR 2505-3 1.020.2 and the date the sanction will be implemented. The county will be unable to avoid fiscal sanctions at this point even if the non-compliance has been corrected. Correcting non-compliance with the Tier 2 Plan after fiscal sanctions have been implemented shall correct the non-compliance with the Tier 2 Plan but will not reverse fiscal sanctions implemented as a result of non-compliance. If the Tier 2 Plan continues to be out of compliance after fiscal sanctions have been implemented, then the Department will require the county to keep the Tier 2 Plan open and will classify this as "repeat findings." Continued non-compliance with a Tier 2 Plan can lead to additional fiscal sanctions implemented until the county corrects the non-compliance with the Tier 2 Plan.

#### Closure of an Accepted Plan

Upon completion of a Tier 1 Improvement Action Plan or Tier 2 Corrective Action Plan, rectification of non-compliance by the county and verification of completion by the Department, a closure letter will be sent to the county director.

#### Appeals of Non-Compliance

The county can appeal any first or second notification of non-compliance within the timeframe specified in the section "Non-Compliance with Accepted Plan" by sending an electronic communication to the Department. The basis for the appeal shall be limited to a factual error in the report or an incorrect interpretation of law, rule, or regulations. The county shall submit documents or evidence with its appeal. The third notification of non-compliance is not eligible to appeal by the county. Within 10 calendar days of receiving the appeal, the Department shall issue a final decision in writing, which will be sent electronically to the county director. The effective date of the final decision is the date it is signed.

#### Finding Resources, Submitting Documents and Requesting Support

When notified of the requirement to implement an IAP or CAP, the Department will provide contact information for the individual and/or team that will be

approving/rejecting and monitoring the plan. Counties are encouraged to reach out to those contacts for technical assistance with any new or open plans. General information on IAPs, CAPs and general information on oversight can be found on our webpage at [www.colorado.gov/county-admin](http://www.colorado.gov/county-admin).

For specific questions regarding this Operational Memo or the established process for notification of non-compliance and implementation of an IAP or CAP, counties can reach out to the Department contact below.

**Attachment(s):**

Improvement Action and Corrective Action Plan Template

**Department Contact:**

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